

Natural Gas and Oil Exploration & Production R&D

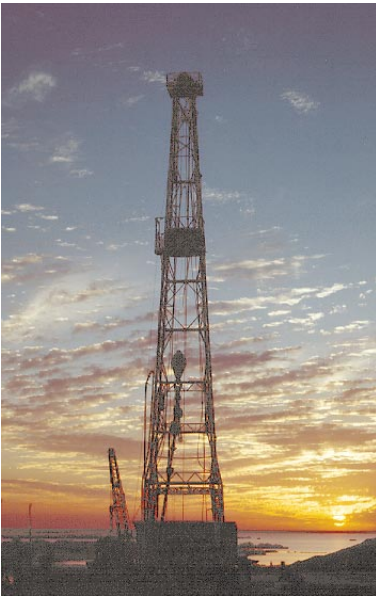
GOALS

Natural Gas

- By 2001, develop lower cost drilling technology that can reduce overall production costs and avert premature abandonment of gas fields (target savings: \$45 million/year);
- By 2005, improve exploration technology to increase success rates (fewer dry holes) (target savings: \$100 million/year);
- By 2010, develop technology to boost production from low-permeability formations (target: 40 tcf additional reserves);

Oil

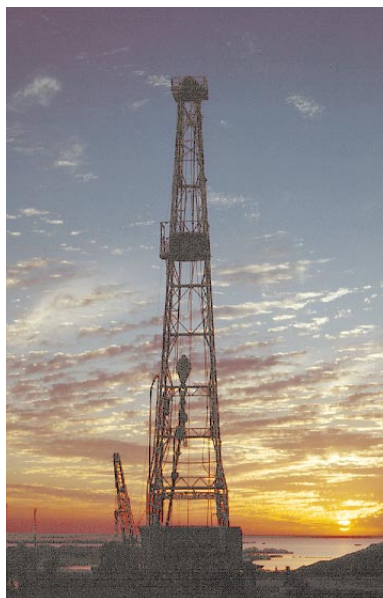
- By 1998, develop a new generation of exploration and production technologies that can increase success rates by 5-15% and lower costs by 3-8% (target: 87-135,000 bbls/day of additional oil production by 1998).
- By 2010, solve common production problems through field demonstration projects (target: increase in production of 600-900,000 bbls/day from existing fields).



- With the creation of the Golden, CO, field office, the Office of Fossil Energy will consolidate its exploration and production R&D program for both natural gas and oil (previously carried out by two separate field offices).
- Many exploration and production technologies are equally applicable to natural gas and oil field operations. Consolidation of planning and management for R&D in these areas will create synergies that mirror industry practices and permit more Federal dollars to be used for actual research rather than administrative overhead.

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Budget



Program Components	FY95	FY96 Conf.	FY97 Request	Cost- Sharing
Natural Gas				
Natural Gas Exploration & Production	\$18.4	\$14.2	\$15.0	45%
Oil				
Oil Exploration & Production Supporting Research	35.4	33.5	34.0	33%
Oil Recovery Field Demonstrations	28.3	11.1	6.1	57%
Total	\$82.1	\$58.7	\$55.1	

- The Natural Gas E&P program is closely coordinated with the Gas Research Institute. The Federal program is providing gas producers with a better engineering "picture" of the nation's gas resources and improved, lower-cost technology for expanding gas production.
- The Oil E&P Program has two major components: (1) a government-industry field demonstration program to slow the abandonment of high-priority reservoirs, and (2) a supporting R&D program that is developing more advanced methods to recover the nearly 2 barrels of oil that are left behind for every 1 barrel produced today.